

*Town of*



# *Amherst* Massachusetts

## ASSESSOR'S OFFICE

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To: Select Board, Town of Amherst

From: David Burgess, Principal Assessor *DB*

Re: FY 2015 Revaluation Update

Date: October 20, 2014

FY 2015 is a recertification year for the Town of Amherst so I am here tonight to give you the results of our study. At the moment the figures are not certified by the Department of Revenue, (DOR), but once we have the preliminary certification we will be notifying all property owners of their valuation for FY 2015.

As you know, single family properties make up the largest portion of the real estate in Amherst and values will increase by 3.8% for FY 2015 over FY 2014. It is important to note that this is an average so there will be properties with larger and smaller increases and some that will see a decrease. In FY 2014 the average single family assessed value was \$320,100 and in FY 2015 it is \$333,300 or about 4.1% higher.

Although I have given you averages the important statistic, for the DOR, is the median and in FY 2015 the median sales price in Amherst was \$347,500 and the median assessed value is \$329,900 giving and assessment to sales ratio of 97%. The DOR looks for a range of 90 to 110% of market value and we have always brought the ratio in at between 95 and 100% of market value.

The single family properties are the standard by which all other categories are judged. The other categories are condominium, two and three family units, and land. Since we have a ratio of 97% for the single families these classes must all fall within 5% of that ratio. For FY 2015 condominiums are at 96%, with an increase of 5.9%, two and three families at 95% with an increase of 4.7% and land at 93% with an increase of 3.9%. These are the categories of property that we rely most heavily on sales analysis to set value.

Commercial, industrial and apartment complexes are valued using the income approach to value and to help us with this we send out requests to all property owners asking them for their income and expense information. For FY 2015 commercial valuations are increasing by 3.2% and industrial by 2.4%. Of the real estate this only leaves the apartment complexes and they show the largest increase in value at 22.8%. From the returns that were received the study showed that rents have increased considerably over the last three years so that is what why we are seeing a large increase. It should be noted that we only received 40% of the income and expense forms requested for the apartments. I would note here that I expect apartments will be one of the fastest growing categories over the next few years and this may also cause further increases in value, as I feel developers are not building units without the expectation of good rents.

The last category is Personal Property and this year we hired a company that specializes in personal property valuation to complete a thorough inspection and valuation of all the accounts. The valuation on the personal property went up by 12% over the FY 2014 value.

What all this means is that the tax rate will drop from \$20.97/thousand in FY 2014 to an **estimated** rate of \$20.50 for FY 2015. Based on the rate and the average assessed value of \$320,100 in FY 2014, of a single family home, the average bill was \$ \$6,712.50 and in FY 2015 with an **estimated** average value of \$333,300 the average tax will be \$6,832.65 up \$120.15 or 1.8%. Both the FY 2015 rate and average value are estimated based on final action by the DOR and anything that may be voted at Special Town Meeting.

Valuation notices will be mailed out and the web page will be updated once we receive preliminary certification from the DOR. Until then values will not be made public. When the notices go out we have a two week period for tax payers to visit our office and talk about their value during normal hours and on Tuesday and Thursday evenings from 4:30pm to 8pm both those weeks.



# Revaluation Information

**The Board of Assessors wishes to inform property owners that Fiscal 2015 is the next revaluation year for the Town of Amherst**

**What is a revaluation?** A revaluation is an update of all assessments within the community conducted by the Board of Assessors under the direction of the Department of Revenue. The assessors of each community are responsible for developing a reasonable and realistic program to achieve the fair cash valuation of property in accordance with constitutional and statutory requirements. The nature and extent of that program will depend on the assessor's analysis and consideration of many factors including but not limited to, the results of an in-depth sales ratio study and the accuracy of existing property record information. Every three years the assessors must submit property values to the Department of Revenue for review and certification.

**Why is a revaluation necessary?** State law requires that all property in the town be assessed within ten percent of market value every three years. This is based on all sales not individual sales – (mass appraisal).

**How are assessments determined?** To arrive at "full and fair cash value" for your property the Assessors must analyze what "willing sellers" and "willing buyers" are doing in the marketplace. The assessment date is January first (other than new construction or demolition which is July first) and therefore the Assessors will analyze sales from the prior calendar year to determine the level of assessment in comparison with the market. (Example: January 1, 2014 is the assessment date for Fiscal 2015, therefore the Assessors will analyze calendar year 2013 qualified market sales. These sales do not include family sales, sales to abutters, estate sales, divorce sales etc.). The Assessors will use three appraisal approaches to value: cost, income and market. The data once analyzed, is then correlated to final values for all properties. The analysis must also meet all standards as set forth by the Department of Revenue for certification.

**What is market value (a.k.a. full and fair cash value)?** State law requires that your property be assessed at market value. Market value is the amount a typical, well informed purchaser would be willing to pay for a property. For a sale to be a market value (arms-length or qualified) sale, the seller and buyer must be unrelated, the seller must be willing (but not under pressure) to buy, the property must be on the market for a reasonable length of time, the payment must be in cash or equivalent, and the financing must be typical for that type of property.

Fair cash value has been determined by the Massachusetts Supreme Judicial Court as "fair market value" which is the price an owner willing but not under compulsion to sell ought to receive from one willing but not under compulsion to buy. It means the highest price that a normal purchaser not under peculiar compulsion will pay at the time, and cannot exceed the sum that the owner after reasonable effort could obtain for this property. A valuation (price) limited to what the property is worth to the purchaser is not market value. The fair cash value is the value the property would have on January first or any taxable year in the hands of any owner, including the present owner. (Boston Gas Co. v. Assessors of Boston, 334 Mass. 549, 566 (1956).

**What if there hasn't been a recent qualified sale of my property?** The next best evidences are the qualified sales of reasonably comparable properties. These are properties that are similar to your own in location, age, style, size, condition and other features that affect market value such as the number of bedrooms and bathrooms.

**Will all property values change?** Most likely, yes. However, not all assessments will change at the same rate. Market values may have increased more for some neighborhoods and/or different property types. Some neighborhoods and/or property types may have decreased more than others as well. Some neighborhoods and/or property types can even remain the same. One purpose of a revaluation is to make sure that the assessed valuations reflect the changes that have occurred within the marketplace.

**How can my assessment change when I haven't done anything to the property?** General economic conditions such as interest rates, inflation rates and changes in the tax laws will influence the value of real estate. As property values (sale prices) fluctuate in the market place, those changes must be reflected in the assessments of all properties.

**Will I be notified of a change in my assessment?** After preliminary certification is received from the Department of Revenue, there is a public disclosure period. This time is advertised in the newspaper and notices will be mailed to each property owner. Otherwise, the notification takes place when you receive your actual tax bill at the end of December. This bill will show the new valuation along with the tax rate for the year.

**How will my taxes change as a result of my new assessment?** Although the valuation of your property affects your share of taxes, the actual amount you pay is determined by the budgetary needs of the town. This is decided by what services will be provided in the coming year and the cost to provide these services. The budgets are approved at Town Meeting. Once this decision is made and valuations are certified by the Department of Revenue, a tax rate that will generate the needed tax dollars is then adopted and approved by Department of Revenue. Your individual property taxes are then determined by multiplying your assessment by the tax rate. The tax rate is expressed as dollars per thousand dollars in value. Remember assessments and taxes have seesaw effect. If one goes up the other goes down and vice-versa.

**Why is my single-family home valued differently than my neighbor's two family?** Any property or residence must be compared with like properties. As the old saying goes you must compare apples to apples. You should utilize properties that are similar to yours in location, age, style, size, condition and other features that affect market value such as the number of bedrooms and bathrooms for comparison purposes.